

TERM LOAN AGREEMENT

DEC 12 1968 - 3:29 A.M.

INTERSTATE COMMERCE COMMISSION

AGREEMENT made as of the 18th day of October, 1968 between
CONSOLIDATED DRESSED BEEF COMPANY, INC., a Pennsylvania corporation
with its principal place of business at 3605 Grays Ferry Avenue, Philadelphia,
(the "Company"), and THE FIRST PENNSYLVANIA BANKING AND TRUST
COMPANY, a Pennsylvania corporation (the "Bank").

WITNESSETH:

The background of this Agreement is:

The Company has acquired or is about to acquire ten double deck
railroad stock cars from Ortner Freight Car Co. of Cincinnati, which will
bear numbers CDBX 100 through CDBX 109 inclusive, hereinafter referred
to as the R.R. cars, and desires to borrow from the Bank \$300,000. to place
the Company in funds for that purpose.

The Bank is willing to make the loan provided for in this Agreement,
upon the security and terms herein set forth.

NOW, THEREFORE, it is agreed, each of the parties intending to
be legally bound by the provisions of this Agreement, as follows:

SECTION 1. GENERAL TERMS

1.1 Amount. The Bank will lend to the Company, and the Company will borrow
from the Bank, \$300,000., not later than October 31, 1968.

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1.2 Note. The borrowing will be evidenced by a note (herein called "Note") in the form of Exhibit A hereto attached.

1.3 Maturities. The note will be payable in 59 equal monthly installments of \$4,083.41 on the 1st day of each month, the first installment on the 1st day of December, 1968, and the final installment on the first day of November, 1973, in the amount of \$150,000. less any prepayments as outlined in paragraphs 1.5 and 1.6. Each monthly installment shall be applied first to the payment of accrued interest upon the unpaid principal, and the balance of each such payment shall be applied on account of the principal.

1.4 Interest. The Note will bear interest at the per annum rate of 8% per annum.

1.5 Optional Prepayments. The Company on any monthly installment date may prepay without penalty one or more installments of principal, and accrued interest on the amount prepaid, except that if prepayment is made from borrowing from sources other than the Bank, the Company will pay to the Bank as a premium 1% of the amount prepaid, multiplied by the number of years in the original term of the loan, less the number of whole years that shall have elapsed. Prepayments will be applied on the monthly installments in the inverse order of their maturity.

1.6 Excess Earnings. In addition to the installment payments required in Section 1.3 the Company, within 60 days after the close of each fiscal year, beginning with the year ending October 31, 1969, will prepay upon the principal of the Note an amount equal to 20% of the Company's net income after taxes and depreciation for such year which is in excess of the Company's debt service paid during each such year and the Company's payments during such year upon

contracts for installment purchase and installment lease contracts for equipment, including payments for such purposes to any subsidiary or stockholders of the Company which may hold such contracts. Prepayments under this paragraph shall not exceed \$150,000. plus the interest which shall be paid upon the amount of the principal which is prepaid.

SECTION 2. WARRANTIES

In borrowing hereunder the Company represents and warrants to the Bank (which representations and warranties shall survive the delivery of the Note and the making of the loan) that:

2.1 Authorizations. The Company is a duly organized Pennsylvania corporation in good standing; its Board of Directors has authorized the execution and delivery of this Agreement and the Note; in so doing the Company will not violate any law, its charter or by-laws, or any other agreement or instrument binding upon it.

2.2 Financial Condition. The audit report of the Company for the fiscal year ended October 27, 1967, and the interim statements as of April 26, 1968, which have been delivered to the Bank, fairly reflect the financial condition of the Company and the results of its operations as of the dates and for the periods stated. No material adverse change has since occurred.

2.3 Investments and Guarantees. The Company has made no investments in, advances to, or guarantees of the obligation of any company, individual or other entity except those disclosed in the audit report or interim statements mentioned above.

2.4 Liabilities. The Company had no liabilities, direct or contingent, except those disclosed in the audit report or interim statements above and has incurred no liabilities since those dates except in the normal course of its business.

2.5 Renegotiation. The Company is not subject to renegotiation of any government contracts in any material amount.

2.6 Taxes. The Company has filed all required federal, state, and local tax returns and has paid all taxes as shown on such returns as they have become due. Federal income taxes have been audited through 1965 and no claims have been asserted and are unpaid with respect to such taxes except as shown in the audit report or interim statements mentioned above.

2.7 Use. Proceeds of the loan will be used for the purpose of paying the purchase price for the R.R. cars from Ortner Freight Car Company.

SECTION 3. AFFIRMATIVE COVENANTS

Until the indebtedness of the Company to the Bank has been paid:

3.1 Working Capital. The Company will maintain its net working capital after October 31, 1968 in an amount not less than \$750,000., and after October 31, 1969 in an amount not less than \$1,000,000. Net working capital is defined as the excess of the Company's current assets over its current liabilities, each of which shall be determined in accordance with generally accepted principals of accounting consistently applied.

3.2 Financial Statements. Within 45 days of the close of each fiscal year the Company will supply the Bank with a copy of its audit report, certified by public accountants acceptable to the Bank; within 30 days of the close of each quarter,

with interim statements signed by an officer and reflecting the financial condition of the Company as of the close of the quarter and the results of its operations since the beginning of its fiscal year; and such additional information as the Bank may from time to time reasonably request. In addition, the Bank shall receive monthly profit and loss figures within 15 days of month end in accordance with Company's current internal method of determining profit and loss for management purposes.

3.3 Insurances. The Company will maintain insurance in such amounts and against such hazards and liabilities as customarily is maintained by other companies in the area operating similar businesses, excepting product liability insurance which it shall not be required to maintain.

3.4 Tax and Other Liens. The Company will comply with all statutes and government regulations and will pay all taxes, assessments, governmental charges, claims for labor, supplies, rent and other obligations which, if unpaid, might become a lien against the Company's property--except liabilities being contested in good faith and by appropriate proceedings.

3.5 Maintenance. The Company will maintain its corporate existence and comply with all valid and applicable statutes, rules and regulations, and it will maintain its properties in good operating condition.

SECTION 4. NEGATIVE COVENANTS

Except with the prior written consent of the Bank:

4.1 Fixed Assets. The Company will not spend for fixed assets in any twelve month period an amount in excess of \$150,000. Rolling stock such as tractors, trailers, railroad cars and automobiles shall not be included in the calculations for the purposes of this paragraph.

4.2 Encumbrances. The Company will not incur or permit to exist any encumbrance, pledge or lien against any of its property except: (a) liens required by this Agreement; (b) mortgages, conditional sales contracts or security interests incurred or assumed in the purchase of additional property which create liens or security interests only upon the property purchased or acquired; (c) pledges or deposits in connection with or to secure workmen's compensation, unemployment insurance, pensions, or other employee benefits; (d) tax liens which are being contested in good faith.

4.3 Other Debt. The Company will not become indebted for borrowed money except: (a) indebtedness permitted by this Agreement; (b) indebtedness which is subordinate to the Note; (c) indebtedness permitted under Paragraph 4.2(b); (d) other borrowings from Bank.

4.4 Purchase of Shares. The Company will not purchase or acquire any shares of its stock except as required in existing agreements between the Company and its stockholders.

4.5 Dividends. The Company will not declare or pay any dividends, except stock dividends.

4.6 Loans and Advances. The Company will not make loans or advances to any company, person or other entity that would exceed \$25,000. in the aggregate outstanding at any one time.

4.7 Investments. The Company will not make investments in any other company or entity.

4.8 Guarantees. The Company will not guarantee the obligations of any company, person or other entity, except endorsements for deposit of checks acquired in the ordinary course of business.

4.9 Merger. The Company will not become a party to a merger or consolidation with any other company.

4.10 Bulk Sale. The Company will not sell or lease all or any substantial amount of its property or business.

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~~xxxx Compensation xxx The Company will not increase the compensation of any
of its officers or directors by amounts in excess of 15% more than their rate of
compensation as reflected in the prior earnings statement for the period ended
April 26, 1968.~~

4.12 Leases. The Company will not pay, or become liable for rent for real property leased from others, except for leases of sales offices in the normal course of the Company's business.

4.13 Management. No material change will be made in the management of the Company or in the manner in which the business of the Company is conducted.

SECTION 5. SECURITY INTEREST IN CARS

The Company hereby mortgages to the Bank and grants to the Bank a security interest in the ten railroad cars being purchased by the Company and identified as cars #CDBX 100 through CDBX 109, as security for the Note evidencing the loan made by the Bank to the Company under this Agreement. The Bank shall have all of the rights in such cars which are granted to a secured creditor by the provisions of Article 9 of the Uniform Commercial Code. The Company shall keep the cars insured against such hazards as are normally insured against by other similar companies operating Stock Cars to and from their places of business in Philadelphia and its vicinity, and loss or damage to the cars under such policies

shall be payable to the Bank as first mortgagee. The Company agrees that it will maintain the railroad cars in good repair and operating condition at all times and, in the event of default under this Agreement, will deliver the cars to the Bank at such railroad siding as the Bank may designate. The Company agrees to pay for the expense of recording a copy of this Agreement under the provisions of Section 20(c) of the Interstate Commerce Act.

SECTION 6. DEFAULTS

The occurrence of any one or more of the following events will constitute a default by the Company under this Agreement and thereupon the Note, at the option of the Bank, will immediately become due and payable without presentation, demand, protest or notice of any kind, which hereby are expressly waived:

6.1 Principal. Non-payment of any monthly installment of principal or interest for a period of five days after it becomes due.

6.2 Breach. A breach by the Company or any Subsidiary of any other provision of this Agreement which is not remedied within 30 days after written notice from the Bank.

6.3 Misrepresentation. A representation or warranty by the Company is materially false.

6.4 Insolvency. The Company or a Subsidiary: (a) files a petition in bankruptcy or for the approval of a plan of reorganization or arrangement under the Bankruptcy Act (as it now exists or may hereafter be amended), or a petition seeking the relief therein provided; (b) is unable, or admits in writing its inability, to pay its debts as they become due; (c) makes an assignment for the

benefit of creditors; (d) consents to the appointment of a receiver for all or a substantial part of its property; (e) fails to have vacated or set aside within 30 days of its entry an order of a court appointing without its consent a receiver or trustee for all or a substantial part of its property; (f) is adjudicated a bankrupt; or (g) becomes insolvent, however otherwise evidenced.

SECTION 7. CLOSING

The Bank will not be obligated to make the loan until it has received from the Company:

7.1 Opinion of Counsel. An opinion of counsel acceptable to the Bank stating that: (a) the Company is a duly organized Pennsylvania corporation in good standing and is qualified to do business in the states in which it conducts its business; (b) the Company has the power, and has been duly authorized, to enter into the Agreement; (c) the Agreement and Note when executed and delivered will be valid and legally binding obligations of the Company; (d) compliance by the Company with this Agreement or the Note will not violate any law, the Company's charter or by-laws, or any instrument or agreement binding upon it; (e) no action of any governmental commission or agency is required in connection with the execution of the Agreement or Note.

7.2 Resolutions. A certified resolution authorizing the execution and delivery of this Agreement and the Note.

7.3 Certificate. A certificate, signed by the President of the Company and dated the date of the loan, that to his knowledge no event of default as defined in Section 6 exists or is imminent.

SECTION 8. MISCELLANEOUS

8.1 Waivers. No omission or delay by the Bank in exercising any right or power under the Agreement or Note will impair such right or power or be construed to be a waiver of any default or an acquiescence therein, and any single or partial exercise of any such right or power will not preclude other or further exercise thereof or the exercise of any other right, and no waiver will be valid unless in writing and signed by the Bank and then only to the extent specified. All remedies herein and by law afforded will be cumulative and will be available to the Bank until the indebtedness of the Company is paid.

8.2 Assignment. The rights conferred upon the Bank by this Agreement will automatically extend to and be vested in any assignee or transferee of the Bank.

8.3 Notices. Any written notice required or permitted by this Agreement may be delivered by depositing it in the U.S. mail, certified, postage prepaid, or by telegraph, charges prepaid, addressed to the Company at 3605 Grays Ferry Avenue, Philadelphia, Pennsylvania 19146, and to the Bank at 15th and Chestnut Streets, Philadelphia, Pennsylvania 19101.

SECTION 9. COLLATERAL, GUARANTEES, SUBORDINATION

As additional security for the Bank, there shall be delivered to it:

9.1 Personal Guarantee. A guarantee of the Note in the standard form in use by the Bank, executed by all major stockholders namely: Samuel Silverberg, Nathan Silverberg, Sidney Silverberg, Ruben Silverberg, Edward L. Silverberg, Henry Michael Silverberg and Alan Silverberg.

9.2 Subordination. A subordination to the Note in the standard form in use by the Bank, of the \$204,000. of debentures owing by the Company to Samuel, Nathan and Sidney Silverberg. It is, however, expressly understood that the Company may retire said debentures in accordance with a letter of intent dated September 17, 1968, a copy of which identified by the Company has been delivered to the Bank. and is attached herewith as Exhibit "B"

9.3 Cancellation. Upon payment of the Company's indebtedness hereunder, any note, mortgage, assignment, guarantee, subordination or other agreement required by this Agreement will be cancelled by the Bank and returned together with any securities or other collateral to the Company.

IN WITNESS WHEREOF the parties have executed this Agreement by their duly authorized officers, as of the date first above written.

Attest:

Nathan Silverberg
Secretary

CONSOLIDATED DRESSED BEEF COMPANY, INC.

By Samuel Silverberg
President

THE FIRST PENNSYLVANIA BANKING AND
TRUST COMPANY

By John C. Wilson
Assistant Vice President

\$300,000.

Philadelphia, Pennsylvania
October 29, 1968

CONSOLIDATED DRESSED BEEF COMPANY, INC., a Pennsylvania corporation, promises to pay to the order of THE FIRST PENNSYLVANIA BANKING AND TRUST COMPANY, at the principal office of the Payee in the city of Philadelphia, Pennsylvania, \$300,000. together with interest upon the balance of principal remaining unpaid from time to time, at the rate of 8% per annum, such principal and interest to be paid in 60 consecutive monthly installments beginning December 1, 1968 and on the first day of each month thereafter, the first 59 installments to be in the amount of \$4,083.41 each, which such installments shall be applied first to the payment of accrued interest and the balance on account of the principal, and the 60th and final installment on November 1, 1973 to be in the amount of \$150,000., or such amount as is sufficient to pay in full the then remaining unpaid balance of principal.

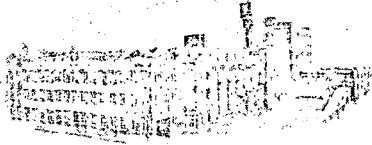
This note is issued pursuant to and is subject to the provisions of a Term Loan Agreement dated as of October 18, 1968 between the Maker and the Payee. Such Agreement provides for the payment of additional installments on account of principal out of the earnings of the Maker, grants the Maker certain privileges of prepayment of the principal, and specifies certain events of default upon the happening of which the entire balance of the principal of and accrued interest upon this note may be declared by the Payee or subsequent holder of this note to become forthwith due and payable.

CONSOLIDATED DRESSED BEEF COMPANY, INC.

151 By Samuel Silverberg Pres

EXHIBIT "A"

Copy



CONSOLIDATED DRESSED BEEF COMPANY, INC.

BEEF SLAUGHTERERS • BONERS • FABRICATORS

3605 GRAYS FERRY AVENUE • PHILADELPHIA, PA. 19146

Phone, (215) 465-5500

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September 17, 1968

Mr. John Wilson, Vice President
The First Pennsylvania
Banking and Trust Company
15th Street and Passyunk Avenue
Philadelphia, Pa.

Dear Mr. Wilson:

In accordance with our discussion and agreement Monday we wish to confirm that the debenture notes shown on the April 1968 statement in the amount of \$214,600.00, and which are now \$204,600.00, will be paid to the respective owners thereof at the rate of one sixtieth each month starting January 1969.

Very truly yours,
CONSOLIDATED DRESSED BEEF CO., INC.

Olinto R. Serafini
Controller

ORS/va

CC/Richard Levin,
Samuel J. Needleman Co.

EXHIBIT B

COMMONWEALTH OF PENNSYLVANIA

ss.:

COUNTY OF PHILADELPHIA

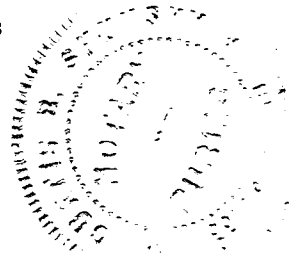
On this *29th* day of *October*, 1968, before me personally appeared Samuel Silverberg, to me personally known, who, being by me duly sworn, says that he is President of Consolidated Dressed Beef Company, Inc., that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Carter B. Shumby

Notary Public

My Commission Expires

Notary Public, Phila., Phila., Co., Pa.
My Commission Expires Sep. 16, 1972



COMMONWEALTH OF PENNSYLVANIA

ss.:

COUNTY OF PHILADELPHIA

On this 29th day of October, 1968, before me personally appeared John Wilson, to me personally known, who, being by me duly sworn, says that he is Vice President of The First Pennsylvania Banking and Trust Company, and that he executed the foregoing instrument on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

W. Marguerite Holmes

Notary Public
My Commission Expires

Jan 28 - 1969

Agreement for Security Interest in Railroad Rolling Stock

Consolidated Dressed Beef Company, Inc.

to

The First Pennsylvania Banking and Trust Co.